

STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

IN THE MATTER OF
THE EXAMINATION OF

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
ONE STATE FARM PLAZA
BLOOMINGTON, ILLINOIS 61710

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 131.21, 132, 401, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Roger Henschen, Examiner-In-Charge, Larry Nelson, Iris Canto and associates as the proper persons to examine the insurance business and affairs of State Farm Mutual Automobile Insurance Company of Bloomington, Illinois, and to make a full and true report to me of the examination made by them of State Farm Mutual Automobile Insurance Company with a full statement of the condition and operation of the business and affairs of State Farm Mutual Automobile Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of State Farm Mutual Automobile Insurance Company.

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the
State of Illinois;

DIVISION OF INSURANCE

Michael T. McRaith

Michael T. McRaith
Director

DATE 4-25-08



STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

IN THE MATTER OF
THE EXAMINATION OF

STATE FARM FIRE & CASUALTY COMPANY
ONE STATE FARM PLAZA
BLOOMINGTON, ILLINOIS 61710

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 131.21, 132, 401, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Roger Henschen, Examiner-In-Charge, Larry Nelson, Iris Canto and associates as the proper persons to examine the insurance business and affairs of State Farm Fire & Casualty Company of Bloomington, Illinois, and to make a full and true report to me of the examination made by them of State Farm Fire & Casualty Company with a full statement of the condition and operation of the business and affairs of State Farm Fire & Casualty Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of State Farm Fire & Casualty Company.

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the
State of Illinois;

DIVISION OF INSURANCE

Michael T. McRaith
Michael T. McRaith
Director

DATE 4-25-08



This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis Section

State Farm Mutual Automobile Insurance Company

State Farm Fire and Casualty Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION:

August 4, 2008 through
November 21, 2008

EXAMINATION OF:

State Farm Mutual Automobile
Insurance Company, NAIC # 25178
Domestic Mutual

State Farm Fire & Casualty
Company, NAIC # 25143
Domestic Stock

LOCATION OF EXAMINATION:

Illinois Operations Center
2702 Ireland Grove Road
Bloomington, IL 61709

222 South 84th Street
Lincoln, NE 68510

PERIOD COVERED BY
EXAMINATION:

April 1, 2007 through
March 31, 2008

EXAMINERS:

Iris D. Canto
Larry J. Nelson
Roger O. Henschen
Examiner-in-Charge

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I. SUMMARY

1. The Company was cited under 50 Ill. Adm. Code 919.80(b)(2) for failing to send a reasonable written explanation for the delay to the insured as required when the claim remained unresolved for more than 40 days. Errors were noted in the following survey areas; Claims: para. (1) Automobile First Party Median & Paid Survey, para. (2) Automobile First Party Closed Without Payment, para. (5) Automobile First Party Total Loss and para. (11) Motorcycle First Party Median & Paid Survey. The Company states that it has amended its procedures to provide notification.
2. The Company was cited under 50 Ill. Adm. Code 919.50(a)(1) for failing to send the insured a denial letter as required when denying the claim in one file. The Availability of the Division of Insurance was omitted. The error was noted in the following survey area; Claims, para. (2) Automobile First Party Closed Without Payment Survey.
3. The Company was cited under 50 Ill. Adm. Code 919.80(b)(3) for failing to send the third party claimant a reasonable written explanation for the delay as required when the claim remained unresolved for more than 60 days. Errors were noted in the following survey areas; Claims: para. (3) Automobile Third Party Median & Paid Survey, para. (4) Automobile Third Party Closed Without Payment Survey and para. (13) Motorcycle Third Party Median & Paid Survey. The Company states that it has amended its procedures to provide notification.
4. The Company was cited under Section 919.50(a)(2) of the Illinois Administrative Code for failing to provide a reasonable explanation for the basis of the denial to the third party. Errors were noted in the following survey area: Claims, para. (4) Automobile Third Party Closed Without Payment Survey.
5. The Company was cited for Policy Contract Violations in the Automobile First Party Total Loss Survey for making a \$793.07 overpayment due to a clerical error and a \$93.50 underpayment due to using an incorrect NADA figure. Reimbursement has been made for the underpayment. The error in favor of the insured was noted in the following survey area: Claims, para. (5) Auto Total Losses – First Party.
6. The Company was cited under 50 Ill. Adm. Code 919.80(c)(2) for failing to use one of the required methodologies or sources when determining the market value of the insured's totaled vehicle. In one (1) file the Company adjusted the NADA value by using two (2) dealer quotes. Part 919.80c2D authorizes the use of dealer quotes can only when the vehicle is not listed in the published or computer source or sources used by the Company. The Company uses NADA and the vehicle was listed in that source. An overpayment of \$475.00 was created. The error was

noted in favor of the insured in the following survey area: Claims, para. (5) Auto Total Losses – First Party.

7. The Company was cited under 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for failing to reimburse the insured the applicable transfer and title fees creating an underpayment of \$44.75. The error was noted in the following survey area: Claims, para. (5) Auto Total Losses – First Party. Reimbursement has been made to the insured.
8. The Company was cited under 215 ILCS 5/143.15 for failing to provide a specific explanation of the reason or reasons for cancellation. Errors were noted in the following survey areas; Risk Selection, para. (3) Homeowner Cancellation Survey and para. (5) Dwelling Fire Cancellation.
9. The Company was cited under 215 ILCS 5/805.1 for failing to separately state the premium for mine subsidence coverage and/or have evidence of a written waiver signed by the insured when the coverage was not provided. Errors were noted in the following survey areas; Underwriting: para. (2) Homeowner New Business, para. (3) Dwelling Fire New Business and para. (5) Farm Ranch New Business. The company states that premium for mine subsidence is now separately stated.
10. The Company was cited under 50 Ill. Adm. Code 919.80(d)(7)(B) for failing to send a reasonable written explanation for the delay to the insured as required when the claim remained unresolved for more than 75 days. Errors were note in the following survey areas: Claims: para. (7) Homeowner Median & Paid, para. (9) Dwelling Fire Median & Paid Survey, para. (10) Dwelling Fire Closed Without Payment. The Company states that it has amended its procedures to provide notification.
11. The Company was cited for being in conflict with 50 Ill. Adm. Code 754.10(b)(1) and 754.10(b)(2) when failing to use the rates or failing to follow the rules for applying rates and rating plans that had been filed with the Illinois Division of Insurance creating one (1) Miscellaneous Rating Error (MRE) resulting in an annual undercharge of \$77.00 in the Dwelling Fire New Business Survey. The error in favor of the insured was noted in the following survey area: Underwriting, para. (3) Dwelling Fire – New Business. The correction was made at renewal.
12. The Company was cited under 215 ILCS 5/143.23 failing to advise the insured of the right to appeal and the procedure to follow for such appeal. Errors were noted in the following survey areas: Risk Selection: para. (10) Farm Ranch Nonrenewal and para. (11) Commercial Cancellation.
13. The Company was cited for being in conflict with 50 Ill. Adm. Code 754.10(b)(1) and 754.10(b)(2) when failing to use the rates or failing to follow the rules for applying rates and rating plans that had been filed with the Illinois Division of Insurance creating two (2) Miscellaneous Rating Errors (MRE) totaling \$342.00

in annual undercharges in the Farm Ranch New Business Survey. The errors in one favor of the insured were noted in the following survey area: Underwriting, para. (5) Farm Ranch – New Business. Corrections were made at renewal.

14. The Company was cited for being in conflict with 215 ILCS 5/462b when giving a 10% schedule credit on a Workers' Compensation New Business policy with no documentation of how they arrived at that credit creating an annual undercharge of \$1495.00. The error in favor of the insured was noted in the following survey area: Underwriting, para. (6) Workers Compensation – New Business. The correction was made at renewal.
15. The Company was cited under 215 ILCS 5/143.16a for canceling policies using reasons not allowed after the policy had been in effect for 60 days. The error was noted in the following survey area: Risk Selection, para. (11) Commercial Cancellation.
16. The Company was cited under 215 ILCS 5/143.16 for failing to provide a specific explanation of the reason or reasons for cancellation and/or failing to provide at least 60 days advance notice when the policy had been in effect more than 60 days. Error was noted in survey area: Risk Selection para. (11) Commercial Cancellation.
17. The Company was cited under 215 ILCS 5/143.17a for failing to provide 60 days notice, failing to provide a specific explanation of the reasons for nonrenewal, failing to provide the notice sent the insured, or failing to maintain and provide the proof of mailing. The errors were noted in the following survey area: Risk Selection, para. (12) Commercial Nonrenewal.
18. The Company was cited under 215 ILCS 5/143d of the Illinois Insurance Code for failing to give a written response to written complaints or failing to respond to the written complaint within 21 days. The errors were noted in the following survey area: Complaints, para. (2) Consumer Complaints.

There were no errors observed in the following individual surveys:

Risk Selection, paragraphs: (2) Private Passenger Nonrenewals, (4) Homeowner Nonrenewals, and (9) Farm Ranch Cancellations.

Underwriting, paragraphs: (1) Private Passenger Auto-New Business, (4) Motorcycle – New Business and (7) Commercial Renewals

Claims, paragraphs: (8) Homeowner Closed Without Payment, (12) Motorcycle First Party Closed without Payment and (14) Motorcycle Third Party Closed without Payment

In addition to the individual survey findings, the following areas of concern were noted:

1. From the response to Interrogatory #2 - The Company had no procedure in place to provide loss information on a monthly and yearly basis to the insured employer as mandated by and outlined in 820 ILCS 305/19(o) of the Workers' Compensation Act. The Company states that a procedure has been implemented to address this concern.
2. From the response to Interrogatory #8 - When liability has been accepted, the Company fails to disclose initially to the third party claimant where the claimant can obtain a rental vehicle at the amount allowed by the Company creating a violation of Section 919.80(d)(2) of the Illinois Administrative Code. The Company states that procedures have been modified as suggested by the Examiners.

II. BACKGROUND

The following companies were the subject of the Market Conduct Examination.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

HISTORY

State Farm Mutual Automobile Insurance Company ("the Company") was incorporated on March 29, 1922 under the Uniform Mutual Law of Illinois and commenced business June 7, 1922.

MANAGEMENT

The official staff is headed by Edward B. Rust, Jr., chairman and chief executive officer, who has served State Farm since 1975. He assumed the duties of vice president in 1981 and executive vice president in 1983. He was named chairman, president and chief executive officer in 1985. Mr. Rust serves as president of State Farm Fire and Casualty, State Farm Life, State Farm Life and Accident Assurance, and State Farm Annuity and Life insurance companies.

Officers: Chairman of the Board, President and Chief Executive Officer, Edward B. Rust Jr.; Vice Chairman and Chief Marketing Officer, Michael C. Davidson; Vice Chairman and Chief Administrative Officer, James E. Rutrough, Jr.; Vice Chairman, Treasurer and Chief Financial Officer, Michael L. Tipsord; Executive Vice President, Secretary and General Counsel, Kim M. Brunner; Executive Vice Presidents, Brian V. Boyden, Willie G. Brown, Barbara R. Cowden, William K. King, Jr., Deborah V. Traskell; Vice President and Actuary, Gary Grant (Operations); Vice President and Controller, Dale R. Egeberg; Vice Presidents, Susan Q. Hood (Claims), Roderick M. Matthews (Underwriting).

Directors: Gerald M. Czarnecki, Michael C. Davidson, Christopher C. DeMuth, William H. Knight, Jr., Judith A. Muhlberg, Susan M. Phillips, Jerry I. Porras, Edward B. Rust, Jr. (Chairman), James E. Rutrough, Jr., Paul T. Stecko, Pamela B. Strobel, Michael L. Tipsord, John D. Zeglis.

REGULATORY

An examination of the financial condition was made as of December 31, 2005 by the Insurance Departments of California, Delaware and Illinois. The 2007 annual independent audit of the Company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Christopher Walker, FCAS, MAAA, PricewaterhouseCoopers, LLP.

TERRITORY

The Company is licensed in the District of Columbia and all states. It is also licensed in Canada in the provinces of Alberta, New Brunswick and Ontario.

STATE FARM FIRE AND CASUALTY COMPANY

HISTORY

The State Farm Fire and Casualty Company ("the Company"), sponsored by interests identified with the State Farm Mutual Automobile Insurance Company of Bloomington, Illinois, was organized on June 12, 1935, under the laws of Illinois. The Company was licensed and commenced business on June 29, 1935. The present title was adopted on July 1, 1950, when the Company absorbed by merger the State Farm Casualty Company.

Capital paid up is \$10,000,000. Authorized capital comprises 250,000 shares of \$100 par value each, 100,000 of which are issued and outstanding.

MANAGEMENT

All of the outstanding stock of the Company is owned by the State Farm Mutual Automobile Insurance Company of Bloomington, Illinois. The parent company is the lead member of the State Farm Group.

The official staff is headed by Edward B. Rust, Jr., chairman of the board, president and chief executive officer, who also is chief executive officer of State Farm Mutual Automobile Insurance Company.

Officers: Chairman of the Board, President and Chief Executive Officer, Edward B. Rust, Jr.; Executive Vice President, Secretary and General Counsel, Kim M. Brunner; Executive Vice President, Treasurer and Chief Financial Officer, Michael L. Tipsord; Executive Vice Presidents, Brian V. Boyden, Michael C. Davidson, William K. King, Jr., James E. Rutrough, Jr.; Vice Presidents and Actuaries, Gary Grant (Operations), David H. Hays; Vice President and Controller, Dale R. Egeberg; Vice Presidents, Susan Q. Hood (Claims), Roderick M. Matthews (Underwriting).

Directors: Brian V. Boyden, Gerald M. Czarnecki, Michael C. Davidson, William K. King, Jr., William H. Knight, Jr., Edward B. Rust, Jr., James E. Rutrough, Jr., Paul T. Stecko, Michael L. Tipsord.

REGULATORY

An examination of the financial condition was made as of December 31, 2005 by the Insurance Departments of California, Delaware and Illinois. The 2007 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Christopher Walker, FCAS, MAAA, PricewaterhouseCoopers, LLP.

TERRITORY

The Company is licensed in the District of Columbia and all states. It is also licensed in Canada in the provinces of Alberta, New Brunswick and Ontario.

III. METHODOLOGY

The Market Conduct examination places emphasis on evaluating an insurer's systems and procedures in dealing with insureds and claimants.

The following categories are the general areas examined:

1. Risk Selection
2. Underwriting
3. Claims
4. Complaints

The review of these categories is accomplished through examination of individual underwriting and claim files, written interrogatories, interviews with company personnel, analysis of policy forms and endorsements, and verification of computer rating accuracy. Each of these categories is examined for compliance with Division Rules and Regulations and applicable state law.

The report concerns itself with all findings of error but not all finding of error are to be considered indicative of general business practices.

The following methods were used to obtain the required samples to assure methodical selection.

Risk Selection

Cancellations and nonrenewals were requested on the basis of the effective date of the transaction falling within the period under examination. They were reviewed for compliance with statutory requirements, the accuracy and validity of reasons given and for any possible discrimination.

Underwriting

New files were selected based on the inception date falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with company underwriting guidelines and to insure that the protection provided was as requested.

Claims

Claims were requested based on the settlement occurring within the period under examination.

Complaints

Complaints were requested based on those received by the Company in calendar year 2007 through the beginning of the examination.

Selection of Samples

A.	Risk Selection	Total	#	%
		<u>Files</u>	<u>Reviewed</u>	<u>Reviewed</u>
	1. Private Passenger Automobile Cancellations	7,177	125	1.74
	2. Private Passenger Automobile Nonrenewals	4,272	114	2.67
	3. Homeowner Cancellations	2,498	111	4.44
	4. Homeowner Nonrenewals	2,552	112	4.39
	5. Dwelling Fire Cancellations	533	96	18.01
	6. Dwelling Fire Nonrenewals	256	84	32.81
	7. Motorcycle Cancellations	332	88	26.51
	8. Motorcycle Nonrenewals	74	74	100.00
	9. Farm Ranch Cancellations	2	2	100.00
	10. Farm Ranch Nonrenewals	4	4	100.00
	11. Commercial Cancellations	363	90	24.79
	12. Commercial Nonrenewals	281	84	29.89
B.	Underwriting			
	1. Private Passenger Auto New Business	336,239	125	0.04
	2. Homeowner New Business	148,381	116	0.08
	3. Dwelling Fire New Business	15,091	116	0.77
	4. Motorcycle New Business	18,374	116	0.63
	5. Farm Ranch New Business	289	96	33.22
	6. Workers Compensation New Business	2609	112	4.29
	7. Commercial Renewals	63,861	116	0.18

C. Claims

1. Auto First Party Median & Paid	121,759	116	0.10
2. Auto First Party Closed Without Payment	62,066	116	0.19
3. Auto Third Party Median & Paid	92,808	116	0.12
4. Auto Third Party Closed Without Payment	25,231	116	0.46
5. Auto Total Losses – First Party	27,934	116	0.42
6. Auto Subrogation	56,591	116	0.20
7. Homeowner Median & Paid	53,628	116	0.22
8. Homeowner Closed Without Payment	12,089	115	0.95
9. Dwelling Fire Median & Paid	2,043	110	5.38
10. Dwelling Fire Closed Without Payment	500	95	19.00
11. Motorcycle First Party Median & Paid	542	96	17.71
12. Motorcycle First Party Closed Without Payment	185	80	43.24
13. Motorcycle Third Party Median & Paid	212	80	37.74
14. Motorcycle Third Party Closed Without Payment	107	80	74.77

D. Complaints

1. Division Complaints	420	125	29.76
2. Consumer Complaints	1,005	110	10.95

IV. FINDINGS

A. Risk Selection

1. Private Passenger Automobile Cancellations

One hundred twenty-five files were examined

Two (2) errors were noted as follows:

Forty-four files had been in effect more than 60 days. 215 ILCS 5/143.23 provides that the policyholder may appeal the cancellation or nonrenewal to the Director. The Company is required to advise the insured of his right to appeal and the procedure to follow for such appeal. In two (2) files, the Company failed to provide required information in violation of 215 ILCS 5/143.23.

2. Private Passenger Automobile Nonrenewals

There were no errors noted.

3. Homeowner Cancellations

One hundred eleven files were reviewed.

Thirty (30) errors were noted as follows:

In 28 files the Company was in violation of 215 ILCS 5/143.15 for failing to provide a specific explanation of the reason or reasons for cancellation.

In two (2) files, the Company failed to provide the notice of cancellation a violation of 215 ILS 5/143.14.

4. Homeowner Nonrenewals

There were no errors noted.

5. Dwelling Fire Cancellations

Ninety-six files were reviewed.

Twenty-Two (22) errors were noted as follows:

In 22 files the Company failed to provide a specific explanation of the reason or reasons for cancellation as required by 215 ILCS 5/143.15.

6. Dwelling Fire Nonrenewals

Eighty- four (84) files were reviewed

Four (4) errors were noted as follows:

Four (4) files were in violation of 215 ILCS 5/143.17. In three (3) files the Company failed to provide a specific explanation of the reasons for nonrenewal and the notice could not be found in one (1) file.

7. Motorcycle Cancellations

Eighty- eight (88) files were reviewed

Seven (7) errors were noted as follows:

Seven (7) files were cited under 215 ILCS 5/143.15 for failing to provide a specific explanation of the reason or reasons for cancellation.

8. Motorcycle Nonrenewals

Seventy-two files were reviewed.

Five (5) errors were noted as follows:

Five (5) files were in violation of 215 ILCS 5/143.17. In four (4) files the Company failed to provide at least 30 days notice and in one (1) file the notice was not provided.

9. Farm Ranch Cancellations

One (1) file was reviewed.

No errors were noted.

10. Farm Ranch Nonrenewals

Four (4) files were reviewed.

One (1) error was noted as follows:

Policies in effect for more than five (5) years require that the insured be advised of the right to appeal and the procedure to follow for such appeal. 215 ILCS 5/143.23 provides that the policyholder may appeal the cancellation or nonrenewal to the Director. The Company is required to

advise the policyholder of this right to appeal. In one (1) file the Company failed to provide that information as required by 215 ILCS 5/143.23.

11. Commercial Cancellations

Ninety files were reviewed.

Sixty-three (63) errors were noted as follows:

In 22 files the insured was sent a cancellation notice after the policy had been in effect for more than 60 days and required the Company to advise the named insured of the right to appeal and the procedure to follow for such appeal. In 16 the Company failed to include that information in violation of 215 ILCS 5/143.23.

215 ILCS 5/143.16a provides that a policy that has been in effect for 60 days may be cancelled for only reasons set forth in that section. Twenty-two files were canceled after the policy had been in effect for more than 60 days. In 10 of those files the Company failed to cancel for one (1) of the allowable reasons in violation of 215 ILCS 5/143.16a.

Thirty files reviewed were in violation of 215 ILCS 5/143.16. In 16 files the Company failed to provide a specific explanation of the reason or reasons for cancellation and in 16 files the Company failed to provide at least 60 days advance notice when the policy had been effective more than 60 days. Note: two (2) of the criticized files were in violation of both requirements.

In four (4) files the Company failed to provide the notice of cancellation for one (1) file and failed to provide the proof of mailing for three (3) files in violation of 215 ILCS 5/143.14.

In three (3) files the Company failed to provide the insured loss information as required by 215 ILCS 5/143.10a.

12. Commercial Nonrenewals

Eighty-four (84) files were reviewed.

Ten (10) errors were noted as follows:

In four (4) files the Company failed to provide 60 days notice. In three (3) files the Company failed to provide a specific explanation of the reason(s) for nonrenewal. In two (2) files the notice could not be provided. In one

(1) file the Company failed to provide proof of mailing. All were violations of 215 ILCS 5/143.17a.

B. Underwriting

1. Automobile - New Business

There were no errors noted.

2. Homeowners - New Business

One hundred sixteen files were reviewed.

Four (4) errors were noted as follows:

Coverage issued on property located in counties where mine subsidence coverage is mandated unless waived in writing by the insured. Mine subsidence coverage was provided in four (4) files of files but the Company was in violation of 215 ILCS 5/805.1. The policy issued failed to show mine subsidence at a separately stated premium. The Company states that it has amended its procedures to provide the premium separately.

3. Dwelling Fire - New Business

One hundred sixteen files were reviewed

Twelve (12) errors were noted as follows:

Coverage issued on property located in counties where mine subsidence coverage is mandated unless waived in writing by the insured. Mine subsidence coverage was provided in eight (8) policies but the Company failed to separately state the premium for the coverage. 18 files were issued without mine subsidence coverage. Three (3) of 18 files contained no written waiver signed by the insured. Both situations are a violation of 215 ILCS 5/805.1. The Company states that it has amended its procedures to provide the premium separately.

In one (1) file the Company failed to use filed rates or rating plans, classifications or schedules in conflict with 50 Ill. Adm. Code 754.10(b)(1) and/or 754.10(b)(2) creating a miscellaneous rating error (MRE) and undercharge of \$77.00 annually. The Company made the correction at renewal.

4. Motorcycle - New Business

There were no errors noted.

5. Farm Ranch - New Business

Ninety-six files were reviewed

Eighteen (18) errors were noted as follows:

Coverage issued on property located in counties where mine subsidence coverage is mandated unless waived in writing by the insured. Sixteen files were found in violation of 215 ILCS 5/805.1. Ten files in which mine subsidence coverage was provided were in violation because the coverage was not separately stated. In six (6) files a signed waive declining the coverage could not be provided. The Company states that it has amended its procedures to provide the premium separately.

In two (2) files the Company failed to use filed rates or rating plans, classifications or schedules in conflict with 50 Ill. Adm. Code 754.10(b)(1) and/or 754.10(b)(2) creating miscellaneous rating errors (MRE) and undercharges totaling \$342.00. The Company made the correction at renewal.

6. Workers' Compensation - New Business

One hundred twelve files were reviewed.

One (1) error was noted as follows:

In one (1) file the Company failed to provide documentation of the scheduled 10% credit given creating an undercharge of \$1495.00 and in conflict with 215 ILCS 5/462b. The correction was made at renewal.

7. Commercial Renewals

There were no errors noted.

C. Claims

1. Auto First Party Median & Paid

The median payment period was 18 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	77	66.38
31-60	29	25.00
61-90	5	4.31

91-180	5	4.31
181-365	0	0.00
<u>over 365</u>	<u>0</u>	<u>0.00</u>
Total	116	100.00

One hundred sixteen files were reviewed.

Twenty-two errors were noted as follows:

Twenty-two files remained unresolved for more than 40 days and required a delay letter. In 22 of the files required a delay letter, the Company failed to send the insured a delay letter as required and outlined in 50 Ill. Adm. Code 919.80(b)(2). The Company states that it has amended its procedures to provide notification.

2. Auto First Party Closed Without Payment

One hundred sixteen files were reviewed.

Twenty-three (23) errors were noted as follows:

Twenty-two files remained unresolved for more than 40 days and required a delay letter. In 22 of the files required the delay letter, the Company failed to send the insured a delay letter as required and outlined in 50 Ill. Adm. Code 919.80(b)(2). The Company states that it has amended procedures to provide notification.

In one (1) file required a denial letter, the Company failed to send the denial letter as required and outlined in 50 Ill. Adm. Code 919.50(a)(1). The Notice of Availability of the Division of Insurance was omitted.

3. Auto Third Party Median & Paid

The median payment period was 27 days with subrogation, arbitration, and litigation files included. Without those files the median payment period was 22 days and distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	62	65.26
31-60	19	20.00
61-90	6	6.32
91-180	5	5.26
181-365	3	3.16
<u>over 365</u>	<u>0</u>	<u>0.00</u>
Total	95	100.00

One hundred sixteen files were reviewed.

Ten (10) errors were noted as follows:

Ten claim files remained unresolved for more than 60 days and required a delay letter. The Company failed to send the third party a delay letter as required and outlined in 50 Ill. Adm. Code 919.80(b)(3). The Company reports that it has amended procedures to provide notification.

4. Auto Third Party Closed Without Payment

One hundred sixteen files were reviewed.

Four (4) errors were noted as follows:

One (1) file remained unresolved for more than 60 days and required a delay letter. The Company failed to send the delay letter as required and outlined in 50 Ill. Adm. Code 919.80(b)(3). The Company reports that it has amended its procedures to provide notification.

In three (3) files requiring a denial letter, the Company failed to send the denial letter as required and outlined in 50 Ill. Adm. Code 919.50(a)(2).

5. Auto Total Losses - First Party

One hundred sixteen files were reviewed.

Seventeen (17) errors were noted as follows:

Eleven (11) files remained unresolved for more than 40 days and required that a reasonable written explanation for the delay be sent to the insured. Company failed to send the required explanation as outlined in 50 Ill. Adm. Code 919.80(b)(2). The Company reports that it has amended its procedures to provide notification.

Two (2) files the Company made a \$793.07 overpayment and a \$93.50 underpayment creating two (2) policy contract violations. The overpayment was due to a clerical error and the underpayment due to inadvertently using an incorrect NADA figure. Reimbursement has been made to the insured for the underpayment.

In two (2) the Company failed to provide the insured the information contained in Exhibit A within seven (7) days of the insured vehicle being determined a total loss as required by 50 Ill. Adm. Code 919.80(c). Exhibit A was sent on the 50th day in one (1) file and on the 52nd day in the other file.

In one (1) file the Company failed to use one (1) of the sources described in 50 Ill. Adm. Code 919.80(c)(2) when determining the market value of the insured vehicle creating an overpayment of \$475.00. The Company adjusted the NADA value by using two (2) dealer quotes. According to 50 Ill. Adm. Code 919.80(c)(2)(D) "If the insured vehicle is not quoted in the source or sources used by the company, the company shall then base the settlement upon at least two (2) written dealer quotes." Since the vehicle was listed in NADA and the Company uses NADA as a source, the dealer quotes should not have been used. If the insured cannot find a replacement vehicle within 30 days of receiving the cash settlement based upon NADA, they have the right of recourse as explained in 50 Ill. Adm. Code 919, Exhibit A.

In one (1) file the Company failed to reimburse the insured the applicable transfer and title fee creating an underpayment of \$44.75 and a violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i). The Company has made reimbursement.

6. Auto Subrogation

One hundred sixteen files were reviewed.

Two (2) errors were noted as follows:

In two (2) files the Company failed to return the insured's pro rata share of the deductible in a timely manner (within 30 days) in violation of 215 ILCS 5/143b and as defined in 50 Ill. Adm. Code 919.50(a).

7. Homeowner Median & Paid

The median payment period was 22 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	67	57.76
31-60	27	23.28
61-90	11	9.48
91-180	7	6.03
181-365	4	3.45
<u>over 365</u>	<u>0</u>	<u>0.00</u>
Total	116	100.0

One hundred sixteen files were reviewed.

Ten (10) errors were noted as follows:

If a claim remains unresolved for more than 75 days the company shall provide a reasonable written explanation for the delay to the insured. Ten (10) files reviewed required that a reasonable written explanation for the delay be provided the insured. The Company failed to send the insured a delay letter as required and outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). The Company reports that it has amended its procedures to provide notification.

8. Homeowner Closed Without Payment

There were no errors noted.

9. Dwelling Fire Median & Paid

The median payment period was 24 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	67	60.91
31-60	19	17.27
61-90	10	9.09
91-180	12	10.91
181-365	2	1.82
<u>over 365</u>	<u>0</u>	<u>0.00</u>
Total	110	100.0

One hundred ten files were reviewed.

Sixteen (16) errors were noted as follows:

If a claim remains unresolved for more than 75 days the company shall provide a reasonable written explanation for the delay to the insured. Sixteen (16) of the files reviewed required that a reasonable written explanation for the delay be provided the insured. The Company failed to send the required explanation as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). Fifteen files contained no evidence of the explanation for the delay having been sent. In one (1) file the required explanation was sent late on day 157 instead of by day 75. The Company reports that it has amended procedures to provide notification.

10. Dwelling Fire Closed Without Payment

Ninety-five files were reviewed.

Three (3) errors were noted as follows:

If a claim remains unresolved for more than 75 days, the company shall provide a reasonable written explanation for the delay to the insured. Three (3) files reviewed required that a reasonable written explanation for the delay be provided the insured. The Company failed to send the required explanation as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). The Company reports that it has amended its procedures to provide notification.

11. Motorcycle First Party Median & Paid

The median payment period was 12 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	77	80.21
31-60	12	12.50
61-90	3	3.13
91-180	4	4.17
181-365	0	0.00
<u>over 365</u>	<u>0</u>	<u>0.00</u>
Total	116	100.00

Ninety-six files were reviewed.

Ten (10) errors were noted as follows:

Ten files remained unresolved for more than 40 days and required a reasonable written explanation for the delay be provided the insured. The Company failed to send the required explanation as outlined in 50 Ill. Adm. Code 919.80(b)(2). The Company reports that it has amended its procedures to provide notification.

12. Motorcycle First Party Closed Without Payment

There were no errors noted.

13. Motorcycle Third Party Median & Paid

The median payment period was 25 days with subrogation, arbitration, and litigation files included. Without those files the median payment period was 21 days and distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	43	67.19
31-60	11	17.19
61-90	4	6.25
91-180	3	4.69
181-365	2	3.13
<u>over 365</u>	<u>1</u>	<u>1.56</u>
Total	64	100.00

Eighty files were reviewed.

Nine (9) errors were noted as follows:

Nine claim files remained unresolved for more than 60 days and required reasonable written explanation for the delay be provided the insured. The Company failed to send the required explanation as outlined in outlined in 50 Ill. Adm. Code 919.80(b)(3). The Company reports that it has amended its procedures to provide notification.

14. Motorcycle Third Party Closed Without Payment

There were no errors noted.

D. Complaints

1. Division Complaints

One hundred twenty-five complaints were reviewed

Four (4) errors were noted as follows:

In four (4) complaint files reviewed, the Company was cited under of 50 Ill. Adm. Code 926.40(b)(1). The Company failed to respond to all issues brought up by the complainant and explain all actions taken or not taken as required.

2. Consumer Complaints

One hundred ten complaints were reviewed.

Four (4) errors were noted as follows:

Four (4) complaint files were in violation of 215 ILCS 5/143d. Two (2) responses were sent after 21 days and two (2) responses were not in a written format as required.

V. INTERRELATED FINDINGS

1. From the response to Interrogatory #2 - The Company had no procedure in place to provide loss information on a monthly and yearly basis as mandated by 820 ILCS 305/19(o) of the Workers' Compensation Act. The Company reports that a procedure has since been implemented.
2. From the response to Interrogatory #8 - When liability has been accepted, the Company failed to disclose initially to the 3rd party auto claimant where the claimant can obtain a vehicle at the rental amount allowed by the Company. The Company reports that its procedures have been modified as suggested by the Examiners.

VI: TECHNICAL APPENDICES

NONE



Illinois Department of Insurance

PAT QUINN
Governor

JACK MESSMORE
Acting Director

June 30, 2011

Edward Barry Rust, Jr., President
State Farm Mutual Automobile Life Insurance Company
State Farm Fire and Casualty Company
One State Farm Plaza
Bloomington, Illinois 61710

*sent via USPS certified mail
return receipt requested*

Dear Mr. Rust:

A Market Conduct Examination of your companies was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period April 1, 2007 through March 31, 2008.

As required by Illinois Insurance Code Section 132, please find attached a copy of the verified examination report. This Department is providing the examined companies an opportunity to make a written submission or rebuttal with respect to any matters in the attached report. Please provide any such written submission or rebuttals to the undersigned by close of business, Friday, August 15, 2011.

Illinois Insurance Code Section 132 provides that the Director of Insurance must afford your company an opportunity to demand a hearing with reference to the facts and other evidence contained in this report. Section 132 further provides that your company may request a Hearing within ten (10) days after receipt of the above Report by giving the Director of Insurance written notice of such request together with a statement of your objections. The deadline to request a hearing is hereby extended until August 26, 2011.

Please contact me if you have any questions.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8463 fax
james.j.morris@illinois.gov



Illinois Department of Insurance

PAT QUINN
Governor

JACK MESSMORE
Acting Director

September 1, 2011

Edward Barry Rust, Jr.
State Farm Mutual Automobile Insurance Company
State Farm Fire & Casualty Company
One State Farm Plaza
Bloomington, Illinois 61710

Dear Mr. Rust,

Re: Market Conduct Examination
Stipulation and Consent Order

Enclosed please find two copies of the Stipulation and Consent Orders resulting from this Department's Market Conduct Examination of State Farm Mutual Automobile Insurance Company and State Farm Fire & Casualty Company. I note for the record that the Period Covered by the Market Conduct Examination was April 1, 2007 through March 31, 2008. Neither the Report nor the attached Stipulation and Consent Orders address issues which have arisen subsequent to March 31, 2008 between this Department and State Farm Mutual Automobile Insurance Company, State Farm Fire & Casualty Company or any of their affiliates. One such issue is the Companies' practices regarding rescission of insurance policies.

If you or another appropriate representative of State Farm Mutual Automobile Insurance Company and State Farm Fire & Casualty Company would sign **both copies** of the Stipulation and Consent Order and return **both copies** to me. I will request that the Director sign both copies one of which will be sent to you for retention.

Please contact me if you have any questions in this matter.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8463 fax
james.j.morris@illinois.gov

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

State Farm Mutual Automobile Insurance Company
State Farm Fire and Casualty Company
One State Farm Plaza
Bloomington, Illinois 61710

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY (State Farm Mutual) is authorized under the insurance laws of this State and by the Director as a domestic mutual insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, STATE FARM FIRE AND CASUALTY COMPANY (State Farm F&C) is authorized under the insurance laws of this State and by the Director as a domestic stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS State Farm Mutual and State Farm F&C are affiliates and are hereinafter collectively referred to as "the Companies", and

WHEREAS, a Market Conduct Examination of the Companies was conducted by duly qualified examiners appointed by the Director pursuant to Sections 131.21, 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Companies were not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), the Workers Compensation Act (820 ILCS 305) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Companies.

WHEREAS, the Companies are aware of and understand their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Companies and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code, the Workers Compensation Act and/or Department Regulations; and
2. That the Director and the Companies consent to this order requiring the Companies to take certain actions to come into compliance with provisions of the Illinois Insurance Code, the Workers Compensation Act and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Companies shall:

1. Institute and implement procedures consistent with 215 ILCS 5/143.10a which requires that the Companies provide loss information to the first named insured within 30 days of the insured's request.
2. Institute and implement procedures consistent with 215 ILCS 5/143.14 subsection (a) which requires that the Companies maintain proofs of mailing for all notices of cancellation.
3. Institute and implement procedures consistent with 215 ILCS 5/143.15 which requires that all notices of cancellation include a specific explanation of the reason or reasons for cancellation.
4. Institute and implement procedures consistent with 215 ILCS 5/143.16 regarding all notices of cancellation to which Insurance Code Section 143.11 applies, except for those defined in subsections (a), (b) and (c) of Section 143.13, which requires that:
 - a. at least 30 days notice of cancellation be provided during the first 60 days of coverage except that 10 days notice of cancellation is required where cancellation is for nonpayment of premium, and

- b. at least 60 days notice of cancellation be provided after coverage has been effective for 61 days or more except that 10 days notice of cancellation is required where cancellation is for nonpayment of premium. Section 143.16 further requires that all notices of cancellation include a specific explanation of the reason or reasons for cancellation.
- 5. Institute and implement procedures consistent with 215 ILCS 5/143.16a which provides that no policy which has been in effect for 60 days and to which Insurance Code Section 143.11 applies, except for those defined in subsection (a) or (b) of Section 143.13, may be cancelled except for one of the reasons set forth in 143.16a.
- 6. Institute and implement procedures consistent with 215 ILCS 5/143.17, which applies to policy of insurance, as defined in subsections (a), (b), (c), and (h) of Section 143.13, to which Section 143.11 applies, and which requires that all notices of nonrenewal include a specific explanation of the reason or reasons for nonrenewal. Section 143.17 also requires that the Companies maintain proof of mailing.
- 7. Institute and implement procedures consistent with 215 ILCS 5/143.17a, which applies to any policy of insurance, to which Section 143.11 applies, except for those defined in subsections (a),(b), (c), and (h) of Section 143.13, and which requires that all notices of nonrenewal include a specific explanation of the reason or reasons for nonrenewal. Section 143.17a also requires that the Companies maintain proof of mailing.
- 8. Institute and implement procedures consistent with 215 ILCS 5/143.23 which requires that all notices of cancellation or nonrenewal pursuant to Insurance Code Sections 143.16a and 143.19 through 143.24 advise the insured of the insured's right to appeal to the Director the cancellation or nonrenewal and the procedure to follow for such appeal.
- 9. Institute and implement procedures consistent with 215 ILCS 5/143b and 50 Ill. Adm. Code 919.50(a) which require that a personal automobile insurer which has successfully recovered subrogation shall return the insured's pro rata share of the deductible in a timely manner (within 30 days).
- 10. Institute and implement procedures consistent with 215 ILCS 5/805.1 which requires that when mine subsidence coverage is provided, the premium for mine subsidence coverage be separately stated.
- 11. Institute and implement procedures consistent with 215 ILCS 5/805.1 which requires that when mine subsidence coverage is not provided the Companies shall maintain the waiver of mine subsidence signed by the insured.

12. Institute and implement procedures consistent with Title 50 Illinois Administrative Code 919.80(b)(2) which provides that if a first party physical damage automobile claim remains unresolved for more than 40 calendar days from the date it is reported, the insurer shall provide a reasonable written explanation for the delay to the insured. Notice of Availability of the Department of Insurance shall accompany the written explanation.
13. Institute and implement procedures consistent with Title 50 Illinois Administrative Code 919.80(b)(3) which provides that if an automobile property damage liability claim remains unresolved in excess of 60 calendar days from the date it is reported, the insurer shall provide a reasonable written explanation for the delay to the third party claimant. Notice of Availability of the Department of Insurance shall accompany the written explanation.
14. Institute and implement procedures consistent with Title 50 Illinois Administrative Code 919.80(d)7B which provides that if a claim on a policy of fire and extended coverage insurance, as defined in Section 143.13 of the Illinois Insurance Code [215 ILCS 5/143.13], remains unresolved for more than 75 calendar days from the date it is reported, or 25 calendar days after receipt of proof of loss, whichever is less, the insurer shall provide a reasonable written explanation for the delay to the insured. Notice of Availability of the Department of Insurance shall accompany the written explanation.
15. Institute and implement procedures consistent with Title 50 Illinois Administrative Code 919.80(d)2 which provides that in automobile property damage liability claims in which liability is reasonably clear, the insurer shall pay for the reasonable and necessary costs, in direct proportion to the extent of its liability, incurred in the rental of another automobile provided that where the insurer pays a flat rental amount per day, week or month, the insurer must disclose to the claimant where the claimant can obtain a vehicle for the amount of its payment.
16. Institute and implement procedures consistent with 820 ILCS 305/19 subsection (o) which provides that by the 15th day of each month, each insurer providing coverage for losses under the Workers Compensation Act shall notify each insured employer of any compensable claim incurred during the preceding month and the amounts paid or reserved on the claim including a summary of the claim and a brief statement of the reasons for compensability. A cumulative report of all claims incurred during a calendar year or continued from the previous year shall be furnished to the insured employer by the insurer within 30 days after the end of that calendar year.
17. Submit proof of compliance with the above sixteen (16) Orders to the Director within thirty days of the date of this Order.

18. The Companies shall pay to the Director a civil forfeiture of sixty thousand dollars (\$60,000). Twenty thousand dollars (\$20,000) will be paid within 30 days of the date of this Order. The remaining forty thousand (\$40,000) will be paid pending the results of an examination of compliance with Orders number one (1) through sixteen (16) above.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Companies violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

State Farm Mutual Automobile Insurance Company
State Farm Fire and Casualty Company

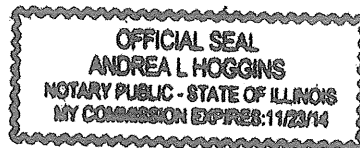
Alex Thompson
Signature

Alex Thompson
Name

Vice-President Operations
Title

Subscribed and sworn to before me this
19 day of September A.D. 2011.

Andrea L. Hoggins
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 10/9/11

Jack Messmore
Jack Messmore
Acting Director



Illinois Department of Insurance

PAT QUINN
Governor

ROBERT E. WAGNER
Acting Director

January 26, 2012

Edward Barry Rust, Jr.
President
State Farm Mutual Automobile Insurance Company
State Farm Fire & Casualty Company
One State Farm Plaza
Bloomington, Illinois 61710

Dear Mr. Rust,

Re: Market Conduct Examination
Stipulation and Consent Order

This Department has received the proof of compliance as required by Order # 17 and the \$20,000 civil forfeiture payment set forth in Order #18 in the captioned Stipulation & Consent Order. The proof of compliance is satisfactory.

This Department will be closing its file on this Market Conduct Examination. However, I do wish to note that Order #18 does contemplate that there will be "an examination of compliance with Orders number one (1) through sixteen (16)" in the Stipulation & Consent Order. I anticipate that this examination of compliance will commence in the first half of this calendar year.

I would like to take this opportunity to thank you and the employees of State Farm Mutual Automobile Insurance Company and State Farm Fire & Casualty Company for the courtesy and professionalism that was shown to the Department throughout the examination process.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8463 fax
james.j.morris@illinois.gov

cc: Charles M. Feinen, Assistant Counsel, State Farm Companies